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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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EXAMINER	
DASS, HARISH T	

ART UNIT	PAPER NUMBER
3628	

DATE MAILED: 06/03/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/752,585	ABRAMS ET AL.	
	Examiner	Art Unit	
	Harish T Dass	3628	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *27 December 2000*.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-28* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-28* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

DETAILED ACTION

Claim Rejections - 35 USC § 101

1. 35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-8, 12-15, & 19-24 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See In re Musgrave, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural

phenomena", and "abstract ideas". See Diamond v. Diehr, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See State Street Bank & Trust Co. v. Signature Financial Group, Inc. 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See In re Toma, 197 USPQ (BNA) 852 (CCPA 1978). In Toma, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to Gottschalk v. Benson, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. In re Toma at 857.

In Toma, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the

"technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in State Street Bank & Trust Co. v. Signature Financial Group, Inc. never addressed this prong of the test. In State Street Bank & Trust Co., the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See State Street Bank & Trust Co. at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under °101, but rather under §§102, 103 and 112." See State Street Bank & Trust Co. at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, State Street abolished the Freeman-Walter-Abele test used in Toma. However, State Street never addressed the second part of the analysis, i.e., the "technological arts" test established in Toma because the invention in State Street (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the Toma test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a

§101 rejection finding the claimed invention to be non-statutory. See Ex parte Bowman, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the present application, Claims 1-8, 12-15, & 19-24 have no connection to the technological arts. None of the steps indicate any connection to a computer or technology. Therefore, the claims are directed towards non-statutory subject matter. To overcome this rejection the Examiner recommends that Applicant amend the claims to better clarify which of the steps are being performed within the technological arts; for example: "computer is used to calculate average ..."

Claim Rejections - 35 USC § 102

2. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

> A person shall be entitled to a patent unless –
>
> (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

Claims 1-3, 8-10, 12-17 and 22-24 rejected under 35 U.S.C. 102(b) as being anticipated by Brown (US 5,794,219).

Re. Claim 1, Brown discloses conducting on-line auctions using a computer network, and in particular to a method of conducting an on-line auction that allows individual bidders to pool their bids in real-time during a bidding session [see entire document particularly, Abstract; Figures; C1 L5 to C4 L24], accessing a list of items being auctioned among a first group to of members [C1 L35 to C2 L40; C5 L14-L20];

generating a request from a first member, the request including one of the items and a bidding price, wherein the first member is one of the members [C6 L42-L52;C9 L5-L43], and receiving a response from an owner of one of the items [C4 L1-L23].

Re. Claims 2-3, Brown discloses wherein the first group of members is formed by identifying each other with one or more of: (i) similar information resources, (ii) similar interests, (iii) pre-existing relationships, and (iv) common characteristics [C1 L5-L34; C2 L1-L40; C3 L9-L25], wherein the first group of members is formed as a result of the members (i) indicating a desire to join the first group, (ii) being invited to join the first group, or (iii) discovering common characteristics among each other [C1 L5-L34; C2 L1-L40; C3 L9-L25],

Re. Claim 8-10, Brown discloses executing an application to retrieve the list of items being auctioned, and displaying the list of items in a display application [C10 L40 to C11 L13], wherein the application sends out respective retrieval requests, each to one of the members to collect the items being auctioned among the first group using a directory access protocol over a network (http) [C2 L66; C5 L14-L39; C10 L40 to C11 L13], and wherein the directory access protocol is one of (i) Lightweight Device Access Protocol, (ii) DBMS protocol, or (iii) other filesharing protocol such as Napster, Gnutella, HTTP, and an extension thereof [C2 L66].

Re. Claims 12-14, Brown discloses wherein the owner is one of a second group of members, wherein the first and second groups do not necessarily have anything in common and wherein one of the first group of members is one of the second group of members, as a gateway member (bidder is different than seller) [C2 L16-L65], wherein the request is passed to the second group of members via the gateway member [Fig. 2], comprising updating the list of items to include any items being auctioned in the second group of members [C1 L5 to C2 L65].

Re. Claim 15, Brown discloses conducting on-line auctions using a computer network, and in particular to a method of conducting an on-line auction that allows individual bidders to pool their bids in real-time during a bidding session [see entire document particularly, Abstract; Figures; C1 L5 to C4 L24], accessing a list of items being auctioned among a first group to of members [C1 L35 to C2 L40; C5 L14-L20], adding an item to the list for auction (updated) [Figures 4-9; C3 L3-L5], sending out the list so that the members in the group receive the updated list (displaying) [C3 L1-L2; C3 L44 to C4 L23], generating a request from a first member, the request including one of the items and a bidding price, wherein the first member is one of the members [C6 L42-L52;C9 L5-L43], and receiving a response from an owner of one of the items [C4 L1-L23]

Re. Claim 16, Brown discloses generating respective retrieval requests, each to one of the members to collect auction content information using a directory access protocol over a network [C10 L40 to C11 L13].

Re. Claim 17, Brown discloses wherein the directory access protocol is one of (i) Lightweight Device Access Protocol, (ii) DBMS protocol or (iii) other filesharing protocol such as Napster, Gnutella, HTTP, and an extension thereof [C2 L66].

Re. Claims 22-24, Claims 22-24 are rejected with the same rational as claims 11-14.

Claim Rejections - 35 USC § 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 11, 18 & 25-28 rejected under 35 U.S.C. 103(a) as being unpatentable over Brown.

Re. Claim 25, Brown discloses an auction network with remote computers [Figure 5; C4 L1-L8], display means, modem for connecting remote computers to communication lines, an Ethernet connection [C5 L3-L13], an electronic mail server for sending new account confirmation message to bidder at remote computer [C5 L55-L67] and storage

means [C6 L3-L16] and http protocol [C1 L2 L66], Brown does not explicitly disclose a memory means for storing program code for generating requests associated with an online auction using a file access protocol, access rights associated with a first virtual community, device program applications and a plurality of user files, a user interface including a character input interface, a pointing device and a display; and processing means connected to the memory means and the user interface and responsive to an input provided by a user to generate requests for content relating to an item being auctioned using a file transfer protocol (FTP), forward the request through a communications network to a second terminal device, process responses received from the second terminal device containing the requested content relating to the item. However, these steps are inherently part of Browns auction system. For example Brown system includes storage means [C6 L3-L16] to store data and code on CD or hard drive and remote computer which include includes a user interface such as mouse, keyboard and display [Figure 5; C4 L1-L8]. Additionally, FTP is well known and widely used for transferring files between computers and this utility exists in most of the computer. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosure of Brown and include file transfer protocol (FTP) to transfer data files, software between computers.

Re. Claims 11, 18 & 28, Brown discloses World Wide Web and Internet [C1 L5 to C3 L25]. Brown does not explicitly disclose the Intranet, a wireless network, and a combined public and private network. However, these networks are prior art and wildly

used for connecting the computer to servers internally (intranet) or external to organization by using all networks listed. For example at USPTO we use Intranet to connect to our secure network and with firewall we use Internet and other means to get information from different website engines such as: Yahoo, etc. Most people use phone line to access websites by dialing into service provider's system. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosure of Brown and include different network protocols to allow users to use wide range of communication systems.

Re. Claim 26-27, are rejected with same rational as claim 8-10.

Claims 4-5 are rejected under 35 U.S.C. 103(a) as being unpatentable over Brown in view of Dagen, Eric "Sign of the times", Business Mexico v6n3 pp-39, Mar 1996 (hereinafter Dagen).

Re. Claims 4-5, Brown discloses group of exchange members, subcontractors and very wealthy people [C1 L5 to C3 L25]. Brown does not explicitly disclose joining in the first group by contacting one of the members in the first group, and sending a message the one of the members, the message including identity information and characteristics information having affinity with the first group. However, Dagen discloses these steps [see entire paper, 2pages] to sign up for new memberships in exclusive club. It would have been obvious at the time the invention was made to a person having ordinary skill

in the art to modify the disclosure Brown and include a condition for new membership which requirement a sponsorship from a current member to join exclusive club to take advantages that come with membership of the club.

Claims 6-7, 19-21, are rejected under 35 U.S.C. 103(a) as being unpatentable over Brown in view of Barzilai (US 6,012,045).

Re. Claims 6-7, Brown discloses a higher bidding price has arrived [C1 L5 to C2 L64]. Brown does not explicitly disclose wherein the owner is one of the members and wherein the owner determines if the bidding price is acceptable after comparing the bidding price with other offers, if there are any, and wherein the response includes one of: (i) the bidding price is accepted. However, Barzilai discloses these steps [see entire document particularly, Abstract; Figures 5-6B; C11 L5-L51; C14 L10-L35; C16 L10-L45] to enable the customer to accept, reject of modify the bid. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to combine the disclosures of Brown and Barzilai to enable the member to place the propose input bids in temporary file to change the bid as necessary.

Re. Claims 19-21, Brown discloses a higher bidding price has arrived [C1 L5 to C2 L64], wherein the response is an acceptance of the bidding price, and wherein the response includes a higher bidding price from another member in the group [C1 L5 to C2 L64]. Brown does not explicitly disclose keeping receiving multiple bidding prices respectively

from some of the members, the bidding price being one of the multiple bidding prices, ordering the multiple bidding prices, and generating the response when one of the multiple bidding prices is selected. However, Barzilai discloses these steps [see entire document particularly, Abstract; Figures 5-6B; C11 L5-L51; C13 L50 to C14 L35; C16 L10-L45] to enable the customer or member to place multiple bids on a single product or service. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosure of Brown and include multiple bids, as taught by Barzilai, to allow customers place fictitious bids.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Applicant is required under 37 CFR ' 1.111 (c) to consider the references fully when responding to this action.

US 6,604,089 to Van Horn et al, Aug. 5, 2003 "Demand Aggregation Through Online Buying Group" discloses an online buying group for purchasing a particular product over electronic networks such as Internet.

US 6,665,649 to Megiddo, Dec. 16 2003 "Smooth End of Auction on the Internet" discloses an auction system which randomly selects the auction ending time.

US 6058379 to Odom et al, May 2, 2000 "Real-Time Network Exchange with Seller Specified Exchange Parameters and Interactive Seller Participation" provides a real-time electronic-based exchange that is interactive which enables the seller to intervene at any time during the exchange.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Harish T Dass whose telephone number is 703-305-4694. The examiner can normally be reached on 8:00 AM to 4:50 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung S Sough can be reached on 703-308-0505. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Harish T Dass
Examiner
Art Unit 3628

5/25/2004

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